

# **STATE OF MARYLAND**

## **Request for Proposals**

### **Third Party Administrative Services for Flexible Spending Accounts - Health Care and Dependent Care**

**Solicitation No. F10R9000081**

**Department of Budget and Management  
Employee Benefits Division  
March 9, 1999**

## **NOTICE**

**Prospective offerors who have received this document from a source other than the Issuing Office should immediately contact the Issuing Office and provide their name and mailing address so that the amendments to the RFP or other communications can be sent to them.**

**Minority Businesses are Encouraged to Respond to this Solicitation**

## **NOTICE TO OFFERORS**

In order to help us improve the quality of State proposal solicitations, and to make our procurement process more responsive and business friendly, we ask that you take a few minutes and provide comments and suggestions regarding the enclosed solicitation. Please return your comments with your proposal. If you have chosen not to bid on this contract, please fax this completed form to: (410 333-7122).

**Solicitation Number:** F10R9000081

**Entitled:** Third Party Administrative Services for Flexible Spending Accounts - Health Care and Dependent Care

**Date:** March 9, 1999

1. If you have responded with a No bid, please indicate the reason(s) below:
  - R Other commitments preclude our participation at this time.
  - R The subject of the solicitation is not something we ordinarily provide.
  - R We are inexperienced in the work required.
  - R Specifications are unclear, too restrictive, etc. (please explain in the Remarks section).
  - R The scope of work is beyond our present capacity.
  - R Doing business with State of Maryland Government is simply too complicated (please explain in the Remarks section).
  - R We cannot be competitive (please explain in the Remarks section).
  - R Time allotted for completion of the proposal is insufficient.
  - R Start-up/implementation time is insufficient.
  - R Proposal requirements (other than specifications) are unreasonable or too risky (please explain in the Remarks section).
  - R MBE requirements (please explain in the Remarks section).
  - R Prior State of Maryland contract experience was unprofitable or otherwise unsatisfactory (please explain in the Remarks section).
  - R Payment schedule is too slow.

Other: \_\_\_\_\_

2. If you have submitted a proposal, but wish to offer suggestions or express concerns, please use the Remarks section below (use reverse or attach additional pages as needed).

REMARKS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Vendor Name: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
Contact Person: \_\_\_\_\_ Phone: \_\_\_\_\_

\_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

## **PROCUREMENT SCHEDULE**

Third Party Administrative Services For Flexible Spending Accounts -  
Health Care and Dependent Care

March 9, 1999 Advertisement of the Request for Proposals for Third Party Administrative Services  
For Flexible Spending Accounts - Health Care and Dependent Care.

March 9, 1999 Issuance of Request for Proposals

March 19, 1999 Closing date for receipt of written questions to be answered during the pre-proposal conference. Must be received at the Issuing Office by 10:00 a.m. local time.

March 23, 1999 Pre-proposal Conference at 1:00 p.m.  
300 West Preston Street - 1st floor auditorium  
Baltimore, MD 21201

April 20, 1999 Closing date for submission of proposals. Proposals must be received at the Issuing Office by 1:00 p.m.

# TABLE OF CONTENTS

## SECTION 1. GENERAL INFORMATION

1.1	Summary Statement .....	1
1.2	Definitions .....	1
1.3	Issuing Office and Procurement Officer.....	3
1.4	Pre-Proposal Conference.....	3
1.5	Proposal Due Date.....	4
1.6	Duration of Offer.....	4
1.7	Revisions to The RFP.....	4
1.8	Cancellation; Discussions.....	4
1.9	Oral Presentation .....	5
1.10	Incurred Expenses.....	5
1.11	Multiple and Alternative Proposals.....	5
1.12	Access to Public Records Act Notice.....	6
1.13	Offeror Responsibilities .....	6
1.14	Mandatory Contractual Terms .....	6
1.15	Proposal Affidavit .....	6
1.16	Contract Affidavit.....	7
1.17	Minority Business Enterprises .....	7
1.18	Arrearages.....	7
1.19	Procurement Method .....	7
1.20	Contract Duration. ....	8
1.21	Contract Type. ....	8

## SECTION 2. SPECIFICATIONS

2.1	Description of Current Program.....	8
2.2	Background .....	9
2.3	Deliverables/Delivery Schedule.....	10
2.4	Scope of Work.....	11
2.5	Tasks To Be Performed .....	13
2.6	Questionnaire.....	15
	Administrative Services .....	16
	History, Structure, Financial Strength, and Experience.....	23
	Quality Assurance/Customer Services.....	27
	Implementation/Management Plans .....	28
	Maryland Economic Impact.....	32

## **TABLE OF CONTENTS CONT=D**

### **SECTION 3. EVALUATION CRITERIA AND SELECTION PROCEDURE**

3.1	Evaluation Criteria. . . . .	33
3.2	Selection Procedure . . . . .	33

### **SECTION 4. PROPOSAL FORMAT**

4.1	General. . . . .	34
4.2	Format of the Proposal . . . . .	34
4.2.1	Volume I - Technical Proposal . . . . .	35
4.2.2	Volume II - Financial Proposal . . . . .	36

<b>ATTACHMENTS</b> . . . . .	37
------------------------------	----

- A: Third Party Administrative Services for Flexible Spending Accounts  
Services Agreement
- B: Proposal Affidavit
- C: Contract Affidavit
- D: Certified Minority Business Enterprises
- E: Flexible Spending Accounts Plan Description - Summary of Health Benefits  
Booklet
- F: Reimbursement Request Forms - Dependent Care and Health Care
- G: Detail of Price Quotations

## **SECTION 1. GENERAL INFORMATION**

### **1.1 SUMMARY STATEMENT**

The Department of Budget and Management is issuing this Request for Proposal (RFP) to provide Third Party Administrative (TPA) Services for the State of Maryland=s Flexible Spending Account plans - Health Care and Dependent Care.

The State=s goals are to obtain a third party administrator for its flexible spending account plans and in the interest of economy and efficiency, to use the selected offeror=s existing system and procedures to the maximum extent possible.

### **1.2 DEFINITIONS**

For the purposes of this RFP, the following terms have the meanings indicated below:

**ACOB@** means Coordination of Benefits.

**ACOBRA@** means Consolidated Omnibus Budget Reconciliation Act.

**ACOMAR@** means Code of Maryland Regulations.

**AContractual Employee@** means a non-permanent employee of the State of Maryland who is not eligible for State subsidy of benefits, but is eligible to enroll in the State of Maryland Benefits Program, paying full premium costs.

**ACovered Lives@** means each individual enrolled in a plan.

**ADB@** means the Department of Budget and Management.

**ADependent@** means a spouse, natural child, step-child, legally adopted child, or legal ward of an eligible member, as defined in COMAR 06.01.07.03A(11).



**ADirect Pay Enrollee@** means an individual who is billed directly by the Department of Budget and Management for selected benefits.

**AEBD@** means Employee Benefits Division.

**AEOB@** means Explanation of Benefits.

**AFTE@** means Full-Time Equivalent.

**ALeave of Absence@** means a permanent employee who has elected a non-paid leave of absence from State of Maryland employment, who is not eligible for state subsidy of benefits, but is eligible to participate in certain benefits provided by the State of Maryland while on a leave of absence.

**AMBE@** means a Minority Business Enterprise that is certified by the Maryland Department of Transportation.

**AMember@** means an employee who is eligible to participate in the State of Maryland Benefits Program but does not include the member=s dependents.

**AMIS@** means Management Information System.

**APart-Time Employee@** means a permanent employee who works less than fifty percent of the standard work week and is not eligible for state subsidy of benefits, but is eligible to enroll in the State of Maryland Benefits Program.

**ARFP@** means this Request for Proposals for Third Party Administrative Services for the State of Maryland=s Flexible Spending Account Plans - Health Care and Dependent Care.

**ASatellite Account Employee@** means an employee of a political subdivision, agency, commission, or organization that is permitted by Maryland law to participate in the State of Maryland Benefits Program.

**ASubcontractor@** means an organization or entity that the offeror plans to utilize for the purposes of services covered under this contract.

**ATPA@** means Third Party Administrator.

**ATTY/TDD@** means a telephone device used by hearing impaired individuals whereby they communicate via telephone connected to a keyboard and screen.

### **1.3 ISSUING OFFICE AND PROCUREMENT OFFICER**

The sole point of contact in the State for purposes of this RFP is the Issuing Office at the address listed below:

State of Maryland  
Department of Budget and Management  
Employee Benefits Division  
301 West Preston Street, Room 509  
Baltimore, Maryland 21201  
Attn: Gladys B. Gaskins  
Telephone: (410) 767-4710  
Fax: (410) 333-7122

The Procurement Officer is Joel Leberknight, 45 Calvert Street, Room 137, Annapolis, Maryland 21401, (410) 260-7116. (Fax: 410-974-3272).

A copy of this RFP also can be obtained from the Department's Internet Web Site. The address is [www.dbm.state.md.us](http://www.dbm.state.md.us) under Division of Policy Analysis - Procurement.

### **1.4 PRE-PROPOSAL CONFERENCE**

A pre-proposal conference will be held on March 23, 1999 beginning at 1:00 p.m. in the auditorium located on the 1st floor, 300 West Preston Street, Baltimore, Maryland 21201. Attendance at the pre-proposal conference is not mandatory, but all interested offerors are encouraged to attend in order to facilitate better preparation of their proposals. The conference will be transcribed. A copy of the transcript of the pre-proposal conference will be made available to potential offerors at a nominal charge directly from the transcription company. In addition, minutes of the conference will be distributed, free of charge, to all vendors who

are known to have received the RFP. Both written and verbal questions will be considered at the pre-proposal conference.

All questions, either verbal or written, should be submitted in a timely manner. In the case of questions not received in a timely manner, the Procurement Officer shall, based on the availability of his time to research and communicate an answer, decide whether he can answer an untimely submitted question before the proposal due date. Answers to all substantive questions which have not previously been answered will be distributed to all vendors who are known to have received the RFP.

## **1.5 PROPOSAL DUE DATE**

Except as provided in COMAR 21.05.02.10, the proposals are to be received by the Issuing Office, no later than April 20, 1999 at 1:00 p.m. Proposals may not be submitted by e-mail or facsimile.

## **1.6 DURATION OF OFFER**

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date. This period may be extended at the Procurement Officer's request only by an offeror's written agreement.

## **1.7 REVISIONS TO THE RFP**

If it becomes necessary to revise this RFP, amendments will be provided to all

prospective offerors that were sent this RFP or otherwise are known by the Procurement Officer to have obtained this RFP. Acknowledgment of the receipt of all amendments to this RFP must accompany the offeror=s proposal. Failure to acknowledge receipt does not relieve the offeror from complying with all terms of any such amendment.

## **1.8 CANCELLATION; DISCUSSIONS**

The State reserves the right to cancel this RFP, accept or reject any and all proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified or potentially qualified offerors in any manner necessary to serve the best interests of the State of Maryland. The State also reserves the right, in its sole discretion, to award a contract based upon the written proposals received without prior discussions or negotiations.

## **1.9 ORAL PRESENTATION**

Offerors may be required to make individual presentations to State representatives in order to clarify their proposals. Representations made during the oral presentation become part of the offeror=s proposal and are binding if the contract is awarded.

## **1.10 INCURRED EXPENSES**

The State will not be responsible for any costs incurred by an offeror in preparing

and submitting a proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities relative to this solicitation.

### **1.11 MULTIPLE AND ALTERNATIVE PROPOSALS**

Multiple proposals will not be accepted. An offeror may, however, submit an alternative proposal in addition to a proposal which fully conforms to the requirements of the RFP. Alternative proposals must be clearly labeled as such and follow the same format as the primary proposals but should contain only that information which is different from the primary proposal. Each proposal must be bound separately and prepared in accordance with Section 4 of this RFP.

### **1.12 ACCESS TO PUBLIC RECORDS ACT NOTICE**

An offeror should give specific attention to the clear identification of those portions of its proposal that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Access to Public Records Act, Title 10, Subtitle 6, of the State Government Article of the Annotated Code of Maryland.

This information is to be placed after the Title Page and before the Table of Contents in both the technical and financial proposals. Respondents are advised that, upon request for this information from a third party, the Department is required to make an independent determination whether the information may be disclosed (see COMAR 21.05.08.01).

### **1.13 OFFEROR RESPONSIBILITIES**

The State will enter into contractual agreement only with the selected offeror. The selected offeror shall be responsible for all products and services required by this RFP. Subcontractors, excluding those used to meet MBE participation goals, must be identified and a complete description of their role relative to the proposal must be included in the offeror's proposal. Additional information regarding MBE subcontractors is required under paragraph 1.17 below.

### **1.14 MANDATORY CONTRACTUAL TERMS**

By submitting an offer in response to this RFP, an offeror, if selected for award, shall be deemed to have accepted the terms of this RFP and the Contract, attached as Attachment A. A proposal that takes exception to these terms may be rejected.

### **1.15 PROPOSAL AFFIDAVIT**

All proposals submitted by an offeror must be accompanied by a completed Proposal Affidavit. A copy of this Affidavit is included as Attachment B of this RFP.

#### **1.16 CONTRACT AFFIDAVIT**

All offerors are advised that if a contract is awarded as a result of this solicitation, the successful offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as Attachment C of this RFP. This Affidavit must be provided at the time of contract award.

#### **1.17 MINORITY BUSINESS ENTERPRISES**

A Minority Business Enterprise (MBE) subcontract participation goal of 15 percent has been established for this procurement. The contractor shall structure its awards of subcontracts under the contract in a good faith effort to achieve the goal in such subcontract awards by businesses certified by the State of Maryland as minority owned and controlled. MBE requirements are specified in Attachment D of this RFP.

A current directory of MBEs is available through the Maryland State Department of Transportation, Office of Minority Business Enterprise, P.O. Box 8755, B.W. I. Airport, Maryland 21240-0755. The phone number is (410) 865-1244.

#### **1.18 ARREARAGES**

By submitting a response to this solicitation, each offeror represents that it is not in arrears in the payment of any obligations due and owing the State of Maryland,



including the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of the contract if selected for contract award.

#### **1.19 PROCUREMENT METHOD**

This contract will be awarded in accordance with the competitive sealed proposals process under COMAR 21.05.03.

#### **1.20 CONTRACT DURATION**

The contract resulting from this RFP shall be for the 4 year period beginning on or about June 1, 1999 and ending on or about May 31, 2003. The offeror shall be responsible for handling claims runout for 2002 and any new vendor would be responsible for all new enrollees. However, the State, at its sole option, shall have the right to extend the contract term for two additional, successive one year terms, as follows:

Option Year 1 - on or about June 1, 2003 to on or about May 31, 2004

Option Year 2 - on or about June 1, 2004 to on or about May 31, 2005

#### **1.21 CONTRACT TYPE**

The contract to be awarded shall be a fixed price contract.

### **SECTION 2. SPECIFICATIONS**

#### **2.1 DESCRIPTION OF CURRENT PROGRAM**

The State of Maryland currently offers both types of flexible spending accounts - a health care spending account and a dependent care spending account to its state members. Deposits into health care and dependent care spending accounts for Calendar Year 1998 total \$7.6 million. Table 1 (below) shows flexible spending account summary participation information by plan category.

Participant salary reductions for the flexible spending accounts are taken from the employees' paychecks for 24 of the 26 pays for bi-weekly employees, 12 of the 12 pays for monthly employees, and 19 of the 21 pays for ten-month employees.

**Table 1**  
**Calendar Year 1998 (As of 11/23/98)**  
**Flexible Spending Account Summary Participation**

	Active Enrollees	Satellite Enrollees	Direct Pay Enrollees	Total Enrollees	Total Reimbursement s
Health Care Spending Account	5,040	47	-----	5,087	\$1,641,109
Dependent Care Spending Account	1,259	8	-----	1,267	\$2,929,191

The State of Maryland is currently administering its flexible spending accounts with state employees. Approximately 20,500 claims for reimbursement were received in calendar 1997 for 5,229 state members that chose to participate in the two plans.

## **2.2 BACKGROUND**

The State provides a broad range of employee benefit plans to approximately 70,000 active employees, 27,000 retirees, 2,000 Satellite account employees, 1,500 Direct Pay enrollees, and their covered dependents. Benefit plans include

health, dental, group term life, accidental death and dismemberment, flexible spending accounts, prescription, mental health, and vision.

These benefits are offered to a diverse workforce that includes clerical, administrative, technical, professional, maintenance, educational (State colleges and universities), public safety, appointed and elected officials at more than 250 different worksites.

Due to the large number of State employees, diverse population and numerous employee work locations, the State sponsors annual benefit fairs during each annual open enrollment period. During the Fall 1998 Open Enrollment, 100 benefit fairs were held throughout the State.

### **2.3 DELIVERABLES/DELIVERY SCHEDULE:**

Representatives of the Contractor will meet with the State of Maryland=s representatives within ten (10) calendar days following the contract award date to exchange communication materials and mutually agree upon a schedule for holding employee meetings and notifying employees. The expected effective date of implementation under this proposal is 30 days after award of contract for State of Maryland employees currently enrolled in the program. The Contractor shall provide to the State of Maryland ten (10) copies of all communication material intended for use with eligible employees at the time the contract commences and prior to and during the annual open enrollment period for review and sufficient copies for all staff upon approval of materials.

The annual open enrollment period under this contract shall be conducted sometime between the time period October 1 and November 30, 1999 for State of Maryland employees.

The State will require that the offeror meet the following implementation schedule:

### **IMPLEMENTATION SCHEDULE**

<b>DATE</b>	<b>ACTIVITY</b>
Within 2 days of contract of Maryland. commencement	Begin implementation meetings with the State
Within 10 calendar days of contract commencement	Start information transfer and vendor implementation activities/transition protocols.
21 calendar days after contract commencement	Completion of information transfer activities.
30 calendar days after contract commencement	Completion of vendor implementation plan/transition protocols.

## **2.4 SCOPE OF WORK**

The State is soliciting proposals for one vendor to assume responsibility for the administration of the State's existing flexible spending account benefit plans

(health care and dependent care). The selected contractor is to provide a responsive, efficient, auditable, service-oriented system that will:

- A. Permit employees and their eligible dependents to continue to receive reimbursement for eligible health care and dependent care expenses and issue explanation of benefits detail with reimbursement checks and provide employee notification of account balances quarterly and at year end.
- B. Ensure timely, accurate and prompt processing of claims as well as paper and/or electronic payment of reimbursements.
- C. Deliver management information reports that provide utilization, claims reporting, and administrative services data by employee group to the State of Maryland.
- D. Provide a state-of-the-art customer service operation that is available to plan members (both in-state and out-of state) from at least 8:00 a.m. to 5:00 p.m. Monday through Friday local time in Maryland except on State observed holidays. The customer service operation should also include a toll-free customer service line equipped with an automated voice response system that members (both in-state and out-of-state) can access directly 24 hours a day, 7 days a week, to request pertinent information. Claim forms (if used) must be mailed to members within two business days from the date of request. The customer service operation must include:
  - a. Qualified staff that must be available to answer questions on plan

guidelines, claims procedures and status of claims. Disabled individuals must be provided adequate access to the customer service system.

- b. The ability to maintain an eligibility file that identifies current members and their dependents as well as certain other information regarding such members and their dependents.
  - c. A system for providing Explanations Of Benefits to members together with checks for the proper reimbursement amounts.
- E. Convert State data files, including the State master enrollment file and any other relevant files to the vendor=s data system. This includes any upgrades or conversions of State of Maryland data files such as a master enrollment file, master dependent file, existing spending account files and any other relevant files to permit their use in the vendor=s automated processing system.
- F. Offer support services for the annual open enrollment periods beginning with the 1999 open enrollment period (for the plan year beginning January 1, 2000).
- G. Have a procedure for resolving complaints in place and operable within 30 days of the date of the contract commencement. The State requires that an expeditious, written resolution will normally be mailed within 10 workdays of receipt of the complaint.

H. The contractor must maintain a banking account out of which claims are paid. The contractor will provide to the State the following for the bank account:

- a. Copy of Bank Statements;
- b. The right for the State to ask for balances of this account directly from the bank;
- c. The right to review all records pertaining to this account; and
- d. The right to conduct an audit of the account.

## **2.5 TASKS TO BE PERFORMED**

Flexible Spending Account services may include but are not limited to the following:

- A. Educate employees as to the benefits of the plan and their respective responsibilities.
- B. Process enrollment forms for employees in the plan.
- C. Account for deposits and disbursements from each employee=s account.
- D. Pay claims reimbursements to participants.
- E. Prepare monthly deposit and claims reports for the State of Maryland, Employee Benefits Division, and for each participant.
- F. Report forfeitures under the plan to reduce administrative expenses.



- G. Perform periodic federal government filings and amendments as required by law.
- H. Perform discrimination tests as required by law.
- I. Tasks as defined in Scope of Work.
- J. Attend all scheduled (estimated at 100) benefit fairs throughout the State to promote flexible spending accounts or obtain written permission from the State for non-attendance.
- K. Promote the flexible spending account program through the use of orientation sessions throughout the year on-site at State workforce locations.

## 2.6 QUESTIONNAIRE

The purpose of these questions is to obtain information to assist the State in its evaluation of offeror capabilities in terms of the evaluation criteria identified in Section 3 of this RFP. The responses in this section will be an important component in the evaluation. In responding, offerors should repeat each question, followed by the answer. Answers should be concise, but complete. Offerors must respond specifically to each question in this section, regardless of whether the information appears or may be gleaned from other sections of the offeror=s proposal. Failure to respond in this section to all questions may result in rejection of the offeror=s proposal. To assist offerors in the preparation of their responses, a disk copy of this questionnaire in WordPerfect 6.1 format is available.

Organization Name: \_\_\_\_\_

\_\_\_\_Primary Contact: \_\_\_\_\_

\_\_\_\_Title:\_\_\_\_\_

\_\_\_\_\_

Headquarters Address

Telephone Number: (        )

Fax Number: (        )\_\_\_\_\_

\_\_\_\_E-Mail Address:\_\_\_\_\_

\_\_\_\_\_

## **Selection Criterion 1 - Administrative Services**

### **Eligibility**

1. Describe how eligibility is verified and the time frame for establishing eligibility. How does your system enroll newly eligible employees on a regular basis throughout the plan year and properly update and reconcile the system? Does your system maintain covered dependent and beneficiary information? Can your system automatically enroll eligible employees who elect to continue to participate in subsequent plan years?
2. How does your system accommodate changes to an employee=s election during the plan year due to status changes and changes in eligibility ? Confirm the ability of your system to timely process all enrollment changes (add-ons and deletions). Does your system offer on-line, real-time update capabilities? What facilities are provided by the system to identify such coverage changes? Are there any specific requirements that your system cannot accommodate?
3. How soon before the date on which a change is effective (e.g., new enrollee, new dependent, etc.) would you require receipt of notification of such change in order to make the benefit effective on the first date of eligibility? Can you agree to emergency requests to add a new employee or new dependent immediately?
4. Describe your method for ensuring that benefit terminations are adequately and timely handled. How does the system track deferred termination dates?

5. What safeguards exist against an ineligible plan member attempting to gain reimbursement under the program?

### **Customer Service**

6. How is your staff trained in customer service?
7. Are calls monitored for quality control? If yes, how are they monitored and how often?
8. What actions are taken if complaints are received?

### **Claims Administration**

9. From which office do you propose to administer claims? Is the management staff located at this office also? How will this claims unit provide dedicated support to the State? Where will employees submit claims? Where will the processing of claims take place?
10. How are your claims processors evaluated? Identify the relative importance of quantity versus quality. Is compensation tied to performance standards?
11. Describe what actions, if any, you propose to take to ensure that the plan complies with nondiscrimination requirements of Section 125 of the Internal Revenue Code and of the Tax Reform Act of 1986?
12. How do you detect fraud? What actions do you take if an employee is suspected of submitting a fraudulent claim?

13. What claim documentation will you require from an employee in order to pay the claim?
14. Complete the following chart with turnover and vacancy information for each office providing Claims Management and Customer Services for the State of Maryland account as pertains to the following employee groups: Processors, Supervisors, Managers, and Provider Specialists. For each employee group provide a separate chart. Convert part-time positions to full-time positions. Duplicate the chart as needed.

**Office Location:** \_\_\_\_\_  
\_\_\_\_\_

**Type of Service Available at this Location:**

\_\_\_\_\_ **Claims Management**

\_\_\_\_\_ **Customer Services**

**Total Number of Employees Currently:** \_\_\_\_\_

**Average Years of Experience:** \_\_\_\_\_

**TURNOVER**

**Total number of employees that left this location in:**

**Calendar 1997** \_\_\_\_\_

**Reason(s):** \_\_\_\_\_  
\_\_\_\_\_

**Calendar 1998** \_\_\_\_\_

**Reason(s):** \_\_\_\_\_  
\_\_\_\_\_

**VACANCIES**

**Number of Positions Vacant as of:**

**12/31/97** \_\_\_\_\_

**12/31/98** \_\_\_\_\_

15.
  - a. Provide the total number of claims adjustors that will be working on the State account and the estimated percentage of time each adjustor will be used on the State=s account.
  - b. Indicate the number of years of experience of each claims adjustor.
  - c. If your company is selected, do you anticipate hiring additional claims adjustors? If yes, how many?
16. Provide the number of years in operation, annual claims volume, and the number of claims per processor for the claims facility that would service the State=s account:
17. How will you enforce the requirements for filing claims for services? Include sample forms and procedures. How do you verify eligible expenses?
18. Describe the general operation and capabilities of your flexible spending account administrative system. Does your system have the capability of providing reimbursements to plan members without the use or submission of a claims form (i.e., paperless claim submission)? Are balances for medical and dependent accounts reflected on the same statements? What forms of payment are available (checks, direct deposits)? Is there a minimum required for payment? Please also describe all automated system requirements (hardware and software) for paperless processing. Was your system developed internally or purchased from an outside vendor?
19. Describe your capabilities for:
  - a. electronic transmission of authorizations and claim forms from the state
  - b. electronic transmission of claim forms and receipts from members
  - c. your ability to capture utilization data for reporting purposes

20. Describe any administrative requirements with respect to claims for direct pay members.

21. Specify your standard turnaround time in number of business days on a reimbursement claim received from within and outside of Maryland. Indicate what percentage of time the standard has been met for the past 12 months.

22. Based on the total volume of all claims received for processing in Calendar Year 1998, what was the dollar accuracy and/or error frequency for:

a. Valid Claims

b. Ineligible Claims

23. Complete the following table regarding your claims process:

	<b>Expected Turnaround Time in Number of Days From Date of Receipt</b>	<b>Actual Turnaround Time</b>	<b>Percentage of All Claims Processed</b>
<b>Clean Claims</b>			
- Paper Claims			
- Electronic Claims			
<b>Ineligible Claims</b>			
- Paper Claims			
- Electronic Claims			

24. How are claims and service disputes processed? Describe your claims appeal process.

25. Do you accept claims by facsimile?

26. How does your claims system accommodate different effective dates for claims?



27. Do you have on-going in-house audit programs for claims processing accuracy? If so, provide the results of your most recent audit.
28. Is your claims processing operation audited by an outside firm? If so, provide the results of your most recent audit.

### **File Access/Maintenance**

29. How long are records maintained within your automated system? How many accounts can your system maintain for each employee? Can your system administer multiple plan years concurrently and allow dual records during the first months of a new plan year? How do you process employee salary deferrals into the reimbursement accounts? What editing is performed? Does the system provide a transaction history, and perform nondiscrimination testing? Provide a sample report of test results.
30. Describe the system linkages that currently exist between the various data screens that support your administrative operation. Include in your response eligibility screens, claims processing/payment screens, as well as screens used to support utilization reviews and to capture information about pending or appealed claims. How does your system check for duplicate expenses and verify plan maximums?
31. Describe your backup system for disaster recovery of data files. What security measures are used to guard against unauthorized access to your system ?
32. Provide a statement regarding your company's Year 2000 compliance status. Include specific descriptions of any system issues that could affect the State's benefits and/or payroll system or that could cause your system to become inoperable for the administration of the State's flexible

spending account plan.

### **Management Information Reports**

33. Provide samples of all standard reports. Are they available electronically? Realizing the State's program may require the modification or creation of new reports, what report package would you recommend? What assistance is provided for the completion of Annual Report Form 5500?
34. Describe the time frame and whether there would be any cost to produce ad hoc reports for the State. (Do not provide any actual costs with your answer. Any costs should be included in the financial proposal).

### **Selection Criterion 2 -History, Structure, Financial Strength, and Experience**

#### **History**

35. Provide a brief summary of the history of your company and information about the growth of your organization on a national level. Include number of employees and locations. Include copies of your most recent ratings by Moody's/Standard & Poor etc. on claims payment.
36. Describe any government action/litigation taken, or pending, against your company or any subsidiaries or affiliates of your company.

#### **Structure**

37. Provide the addresses, including city and state, for the following activities:
- a. Corporate/Firm Management Office

- b. Claims Office
- c. Customer Service Office
- d. Account Management/Client Services Office

38. Explain your organization's ownership structure, listing all separate legal entities. Describe all major shareholders/owners (10% or greater) and list their percentage of total ownership.
39. a. Describe how long the current ownership structure has been in place. Is your firm anticipating expansion or reorganization in the near future?
- b. Note any changes in ownership structure anticipated to occur within the next two years.
- c. Note any changes in ownership structure that have occurred within the last two years.
- d. List any ownership interest your company has in any business that provides a service or product related to flexible spending accounts. Describe the relationship.

### **Financial Strength**

40. Provide the total dollar volume of your business providing Third Party Administrative services for Flexible Spending Account plans for each of the past three calendar years. (1998, 1997 and 1996).
41. Provide the total number of claims for Flexible Spending Account benefits paid by your company during each of the past three calendar years. (List separately)
42. If you are the successful offeror, what percentage of your total business would this contract represent in terms of:
- a. Membership\_\_\_\_\_%

- b. Dollar Volume\_\_\_\_\_ %
- c. Claims Paid\_\_\_\_\_ %

- 43. a. Provide copies of your company=s Annual Reports for the last three years.
- b. Provide copies of Financial Statements for your company, its parent firm and any subsidiaries (please label) for the last three years. All statements must be prepared in accordance with Generally Accepted Accounting Principals.
- c. Provide copies of Financial Statements showing any ownership interest your company has in any business that provides a service or product related to flexible spending accounts.

## **Experience**

- 44. Describe your company's experience in administering flexible spending account plans. How many years have you been administering flexible spending account plans? How many clients/accounts/covered lives are you administering currently? How many additional clients do you expect in the next year? What fidelity/surety, general liability, errors/omissions, bond insurance or coverage do you carry? Describe the type and amount of each coverage. Please provide copies of all such policies.
- 45. a. List three of your current, largest clients.
- b. For each client, provide the number of employees/retirees covered.
- c. For each client, provide the name, title and phone number of a person we may contact.
- 46. a. List three former clients that have terminated their contract with your organization within the last 24 months.

- b. For each client, indicate the number of years as a client and the reason for termination.
  - c. For each client, provide the name, title and phone number of a person we may contact.
47. a. List your three largest Maryland clients.
- b. For each client, provide the number of employees/retirees covered.
  - c. For each client, provide the name, title and phone number of a person we may contact.

### **Subcontractor Information**

48. Do you now subcontract with any other organization(s) for professional services such as claims processing or data processing? If so, provide a description of your subcontracting arrangements.
49. Does your company currently have or plan to have offices or use subcontractors that have offices located in the State of Maryland?
50. Provide the same information requested in Questions 35-49 for each subcontractor, other than those used to meet the MBE subcontracting goal, that the offeror proposes to have perform any of the required functions under this contract.

**Subcontractor Information - NOTE: Although preferred, the offeror is not required to identify MBE subcontractors until 10 working days after the contract is awarded.**

### **Selection Criterion 3 - Quality Assurance/Customer Services**

#### **Access to Services**

51. Describe the primary method that plan participants (in-state, out-of-state, and out-of-country) will use to obtain reimbursement benefits. If this involves utilizing an automated telephone system, describe the proposed system's capabilities for receiving incoming phone calls. Include information about the location of the system, the number of toll free lines available (local and long distance), the availability of a TTY system (or other means) for the hearing impaired, monitoring and reporting capabilities, and messages provided to callers. Note any special features.
52. Describe in detail the entire process (including timeframes) that follows a request for reimbursement from a plan participant. Describe any service delivery requirements (excluding obtaining the necessary forms). Note any differences in processing time for in-state vs. out-of-state vs. out-of-country requests. Provide sample copies of all forms, including reimbursement forms, that will be used by plan participants to obtain reimbursement. Sample forms are included as Attachment F.
53. If the name/address information provided by members differs from the membership information provided by the State, how will participants be able to obtain reimbursement? Describe how you will process "change of name/address" actions for plan participants.
54. Provide:
  - a. a sample copy of your Explanation of Benefits (EOB) information to plan participants.

- b. samples of communication materials (including videos) to be distributed by the vendor to all members informing them of changes in the administration of the state flexible spending account program including, but not limited to, procedures for obtaining reimbursement for covered services, claim forms, reimbursement checks, and address changes.
- c. a draft plan description to be included in the Open Enrollment booklet detailing the procedures to be used by eligible members to obtain reimbursement for covered services. To assist offerors in the preparation of this draft, a sample plan description from the Summary of Health Benefits booklet is included as Attachment E.

55. Describe the means by which customers will be able to express dissatisfaction with any of the reimbursement services provided.
- a. Describe your quality assurance program, and performance standards used.
  - b. Do you monitor complaints and conduct follow-up/member satisfaction surveys? If so, report the frequency of surveys and describe your methodology.
  - c. Also provide sample copies of your quality assurance plan , surveys and reports.
  - d. Describe what training will be provided to your customer service staff.
56. If benefit reimbursement is denied for any reason, do you offer plan participants the right to appeal such decisions? If so, please explain.

#### **Selection Criterion 4 - Implementation/Management Plans**

57. Provide detailed implementation and management plans that demonstrate the offeror=s capability and plan for implementing and managing the services required, including data information services for enrollment.
- a. Implementation Plan

The implementation plan should clearly demonstrate the offeror=s ability to meet the State=s requirements to have a fully functioning program in place and operable within 30 days of the contract commencement date as outlined in the Implementation Schedule in section 2.3. This plan should include a list of specific implementation tasks/transition protocols and the time-table for initiation and completion of such tasks. The implementation plan should be specific about requirements for information transfer as well as any services or assistance required from the State during implementation. The implementation plan should also specifically identify those individuals, by area of expertise, responsible for key implementation activities and clearly identify their roles. A detailed organizational chart as well as resumes should be included.

b. Management Plan

1. The management plan should include the name and title of the person with overall responsibility for planning, supervising, and performing account support services for the State. The management plan should also note what other duties, if any, this person has and the percentage of this person=s time which will be devoted to the State. This person=s resume should be included.

2. The management plan should also include an organizational chart identifying the names, functions, and reporting relationships of key people directly responsible for account support services to the State. It should also document how many account executives and group service representatives will work full-time on the State=s account, and how many will work part-time on the State=s account.

3. The management plan should describe account management support, including the number of meetings to be held annually, information to be reviewed at each meeting,



frequency of ongoing communication, including promotion of the program to increase employee participation, and assurance of accountability for account services satisfaction. It should also include the mechanisms and processes in place to allow Employee Benefits Division personnel to communicate with account service representatives; the hours of operation; types of inquiries that can be handled by account service representatives; and a brief explanation of information available on-line. The Employee Benefits Division requires identification of an Account Services Manager to respond to inquiries and problems and a description of how the offeror's customer service and other support staff will respond to subscriber or client inquiries and problems.

### **Support Staff**

58. Complete the following table indicating the number of full-time equivalent (FTE) employees that will support the identified areas throughout the contract period. An organizational chart for each unit that will be providing services to the State should be provided.

<b>Area of Work</b>	<b>Number of Supervisors</b>	<b>Number of Support Staff</b>
<b>Claims Management</b>		
<b>Customer Services</b>		
<b>Other (Please Describe)</b> _____		

<hr style="border: 0; border-top: 1px solid black; margin: 0;"/>		
--	--	--

59. Provide the following for all supervisors and managers that will provide services to the State with respect to this contract:
- a. Names, titles, address, and resumes detailing qualifications and experience
  - b. Definition of function/responsibility
  - c. Name of person representing your company during the proposal process

### **Account Management**

60. Confirm your ability to meet the State=s procedural requirements for payment of flexible spending benefit claims, as follows:
- a. An invoice is submitted to the State on a weekly basis for claims and on a monthly basis for administrative fees;
  - b. Money will be wired 24 hours after the receipt of a proper invoice from the offeror.
  - c. What participant reporting and distribution facilities are provided for forfeitures when a plan year is closed out? What correction facilities are provided to reverse erroneous deposits, requests, improper payments, incorrect allocations, and outstanding checks?
  - d. How do you handle claim requests that exceed the member=s account balance?  
How does the system maintain year-to-date and current period contributions? How does the system handle requests for eligible expenses incurred in the prior year?  
Include April 15 transition protocol.
61. Describe the way in which the banking arrangement works. Include explanations of the nature of the account from which claims are paid [e.g., in whose name it appears; where it will be; the timing of the call for funds (as checks are issued, as they are cashed); any deposit amount required in the account; its term (weekly, monthly); how it is determined

and any interest earned on the deposit or on amounts held in the account until checks are cashed.

62. Explain how excess deposits are handled during the term of the plan and when deposits are returned upon plan termination.

**Selection Criterion 5 - Maryland Economic Impact**

63. Please describe the benefits that will accrue to the Maryland economy as a direct or indirect result of your performance of this contract:

a. the amount or percentage of contract dollars (but not both) to be recycled into Maryland=s economy in support of the contract through the use of Maryland subcontractors, Maryland suppliers, MBE=s, and Maryland joint venture partners. Be as specific as possible. Provide a breakdown of expenditures in this category.

b. the number and types of jobs for Maryland residents resulting from this contract.

Indicate job classifications, number of employees in each classification, and the aggregate payroll to which you commit at both prime and, if applicable, subcontract levels.

c. tax revenues to be generated for Maryland and its political subdivisions as a result of this contract. Indicate tax category (sales tax, payroll tax, inventory tax, and estimated personal income tax for new employees). Provide a forecast of the total tax revenues resulting from this contract.

d. other benefits to the Maryland economy which you promise will result from the award of this contract. Please describe the benefit, its value to the Maryland economy, and how it will result from the contract award.

**Additional Benefits Available**

Describe and document any additional benefits that you are offering the State if you are awarded this contract.

## **SECTION 3. EVALUATION CRITERIA AND SELECTION PROCEDURE**

### **3.1 EVALUATION CRITERIA**

Criteria for evaluation of the technical proposals are listed in descending order of importance and correspond to the respective sections of the questionnaire.

1. Administrative Services
2. History, Structure, Financial Strength, and Experience
3. Quality Assurance/Customer Services
4. Implementation/Management Plans
5. Maryland Economic Impact

### **3.2 SELECTION PROCEDURE**

The contract will be awarded in accordance with the competitive sealed proposal process under Code of Maryland Regulations 21.05.03. The competitive sealed proposals method is based on discussions and revision of proposals during these discussions.

Accordingly, the State may hold discussions with all offerors judged reasonably susceptible of being selected for award, or potentially so. However, the State also reserves the right to make an award without holding discussions. In either case of holding discussions or not doing so, the State may determine an offeror to be not responsible and/or not reasonably susceptible of being selected for award, at any time after the initial closing date for receipt of proposals. Financial proposals of qualified offerors will be opened only after all technical proposals have been evaluated.

After a review of the financial proposals of qualified offerors, the Procurement Officer may again conduct discussions with the offerors. The purpose of any such discussions will be: to assure full

understanding of the State=s requirements and the offeror=s ability to perform; to obtain the best price for the State; and to facilitate arrival at a contract that will be most advantageous to the State.

Offerors must confirm in writing any substantive oral clarification of their proposals made in the course of discussions. When in the best interest of the State, the Procurement Officer may permit offerors who have submitted acceptable proposals to revise their initial proposals and submit in writing best and final offers.

Upon completion of all discussions and negotiations, reference checks, and site visits, if any, the Procurement Officer will recommend award of the contract to the responsible offeror whose proposal is determined to be the most advantageous to the State, considering price and the evaluation factors set forth in this RFP. In making this determination, technical merit will receive greater weight than price as determined by Attachment G-2.

## **SECTION 4. PROPOSAL FORMAT**

### **4.1 GENERAL**

The proposal should address all points and questions outlined in the RFP. It should be clear and precise in response to the information and requirements described in the RFP.

### **4.2 FORMAT OF THE PROPOSAL**

Proposals must be submitted in TWO SEPARATE VOLUMES, TECHNICAL AND FINANCIAL. Technical volumes must be sealed separately from financial volumes but submitted simultaneously at the Issuing Office. An original, so identified, and 6 copies of each volume, one

copy unbound, are to be submitted.

Each offeror is required to submit a separate sealed package for each volume which is to be labeled ATechnical Proposal@ and AFinancial Proposal@ (respectively). Each sealed package must bear the RFP title, name and address of the offeror, the volume number (I or II), and the closing date and time for receipt of the proposal on the outside of the package. A transmittal letter and a statement acknowledging receipt of any and all addenda should accompany the technical proposal. The sole purpose of this letter is to transmit the proposal; it should be brief and signed by an individual who is authorized to commit the offeror to the services and requirements as stated in the RFP. All proposals must be numbered from beginning to end. Enclosed in each package should be the original and six copies of the offeror=s proposal.

#### **4.2.1 Volume I - Technical Proposal**

The Technical Proposal shall include:

##### **a. Executive Summary**

The offeror shall condense and highlight the contents of the Technical Proposal in a separate section titled AExecutive Summary.@ The summary shall provide a broad overview of the contents of the entire proposal and explain any deviations.

##### **b. Completed Questionnaire**

Repeat each number and question as provided in Section 2.6. Provide clear and complete responses. To assist offerors in the preparation of their responses, a disk copy of this questionnaire in Wordperfect 6.1 format is available.

##### **c. Required Submissions**

Offerors must submit:

1. Completed Proposal Affidavit (Attachment B - original copy only)
2. Certified Minority Business Enterprise (MBE) Affidavit (See Section 1.17 and Attachment D-1).
3. Financial Statements and Annual Reports, (audited preferred).

**e. Subcontractors**

Offerors must identify subcontractors and the role these subcontractors will have in the performance of the contract. Disclosure of MBE subcontractors at this point is optional.

**4.2.2 Volume II - Financial Proposal**

Under separate sealed cover from the Technical Proposal and clearly identified with the same information noted on the Technical Proposal, the Contractor must submit an original and six copies of the Financial Proposal. The Financial Proposal must contain all cost information in the format specified in Attachment G of this RFP.



## **ATTACHMENTS**

In accordance with State Procurement Regulations, the Proposal Affidavit, **Attachment B**, and Certified MBE Utilization and Fair Solicitation Affidavit, **Attachment D-1**, must be completed and submitted with the Technical Proposal, and the Contract Affidavit, **Attachment C**, must be submitted at Contract award.